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FM AMEMBASSY ABUJA  
TO RUEHC/SECSTATE WASHDC PRIORITY 0422  
INFO RUEHOS/AMCONSUL LAGOS PRIORITY 7504  
RUEHWR/AMEMBASSY WARSAW 0481  
RUEHNM/AMEMBASSY NIAMEY 0129  
RUEHCO/AMEMBASSY COTONOU 0208  
RUEHAR/AMEMBASSY ACCRA 0860  
RUEHCD/AMCONSUL CIUDAD JUAREZ 0476  
RUEHZK/ECOWAS COLLECTIVE  
RUCPDO/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC

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DEPARTMENT PASS TO USTR (AGAMA)  
DEPT OF TREASURY FOR DPETERS  
DEPT OF COMMERCE FOR 3317/ITA/OA/KBURRESS  
DEPT OF ENERGY FOR CAROLINE GAY

E.O. 12598: N/A  
TAGS: [ENRG](#) [ECON](#) [EINV](#) [EAID](#) [NI](#)  
SUBJECT: NIGERIA: WEST AFRICAN GAS PIPELINE UPDATE

REF: A. ABUJA 1607  
    B. ABUJA 1582  
    C. ABUJA 1575  
    D. LAGOS 494  
    E. ABUJA 1376

1. (SBU) SUMMARY: The World Bank-assisted West African Gas Pipeline (WAGP) project was nearing completion, but faced several lingering impediments, according to Senior World Bank (WB) Energy Specialist Waqar Haider. The pipeline would not be commissioned until June 2008 at the earliest. Pipeline operators continued to address physical security issues, environmental degradation, and especially securing reliable gas supplies for export given Nigeria's looming domestic energy crisis. END SUMMARY.

2. (SBU) On July 16, U.S. Department of Energy International Affairs Specialist Carolyn Gay met with World Bank (WB) Senior Energy Specialist Waqar Haider to discuss recent progress on the WB-sponsored West African Gas Pipeline (WAGP). The WB's involvement in the WAGP project involved only a partial guarantee, with the majority of funding coming from international oil companies (IOCs). Haider indicated WAGP construction was progressing, but the project would not be commissioned until June 2008 at the earliest.

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Pipeline Problems  
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3. (SBU) While the offshore segments of the WAGP had been completed, the onshore segments, as well as metering infrastructure, were still under construction. Furthermore, a ship anchored off the coast of Benin in April ruptured an offshore portion of the pipeline. To cut costs that pipeline area was exposed on the shallow sea and had not yet been added to nautical charts. Repairs on the ruptured segment were underway. Adding the offshore pipeline to nautical charts could avoid pipeline ruptures from ship traffic, but would also make it accessible to potential saboteurs, said Haider.

4. (SBU) The pipeline construction had led to environmental concerns including claims by local fishermen in the Badagri area of Nigeria that construction reduced their catch. In Ghana, a wall was constructed to support a portion of the pipeline passing through a coastline rock structure, leading to coastline erosion.

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Where is the Gas?  
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15. (SBU) The WAGP received soft commitments from IOCs for feedstock gas, and confirmed that gas destined for the project would be drawn from currently-flared and future incremental supplies. However, the Escravos-Lagos Pipeline (ELP), a main supply line to which the WAGP would be connected, had been offline since February 2006. The project might run into supply problems if the Nigerian government pressured IOCs, who owned the majority shareholding of the WAGP, to commit gas supplies for the heavily-subsidized domestic market. IOCs might drag their feet in developing new gas supplies if the GON did not provide sufficient gas pricing incentives, possibly curtailing potential supplies designated for the WAGP.

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